

## The PC catechism of Clintonomics

By Richard W. **Rahn** and Theodore **Suranyi-Unger Jr.**  
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We are told that Gov. Bill Clinton is a very bright fellow. If you were given the following facts how would you respond?

Fact No. 1: From 1983-1989, federal spending and taxing fell as a percentage of GNP, and the growth in government regulation slowed down. During that same period, the U.S. experienced record peace time economic growth, the federal deficit fell in real terms, and a record high percentage of the adult population had jobs at record high real wages.

Fact No. 2: From 1990-1992 federal taxing and spending grew rapidly as a percentage of GNP and the growth in regulation sharply increased. During that same period the economy was stagnant, the deficit grew rapidly in real terms, and no new jobs were created.

Mr. Clinton responded to these facts by proposing an economic plan that would sharply increase taxes, government spending and regulation. You are probably thinking either Mr. Clinton is an economic dunce or he has another agenda. We suspect he has another agenda - that of the "politically correct liberal." Look at the evidence.

The politically correct liberal has a set of beliefs that he or she views as so "right" that one is justified in ignoring empirical evidence that does not support or contradicts the belief, and in using politically coercive or in some cases even police state tactics to enforce the PC dogma. This same intolerance of empirical evidence and other views has characterized ideological zealots throughout human history as illustrated by the fascism and Marxism of this century.

The Clinton program proposes increasing the income tax rate on the top 2 percent of the taxpayers, in the name of tax fairness. High income earners already pay a greatly disproportionate share of the income tax both in absolute and real terms (e.g.: The top 1 percent now pay more than 24 percent of the total income tax, sharply up from 18 percent a decade earlier.) The empirical evidence shows that the government is unlikely to gather any additional revenue from income tax rates of more than approximately 30 percent. High rates discourage people from working, saving and investing and keeping their energy and wealth in the United States, and encourage legal and illegal tax evasion. In sum, high tax rates reduce productive capital formation, economic growth and job creation. But note the Clinton rhetoric, "make the wealthiest Americans pay their fair share in taxes." Since they already do, the PC message is tax the successful, even if it hurts economic growth.

Mr. Clinton has proposed five increases in corporate taxes. As serious tax scholars know, the corporate tax is passed to consumers in higher prices, to workers in lower wage growth, and results in less new investment in productive plant and machinery. Again the PC solution is to punish success, not to create jobs and opportunity.

Also, Mr. Clinton has proposed a series of very costly mandates on American business, such as mandated worker training programs, mandated health care, etc. These mandates have the same effect as taxes. They increase the cost of doing business, which in turn increases prices, and reduces wages and productivity growth. Only a PC liberal would see merit in such destructive proposals and resent answering the following question: Why is it right to put additional responsibilities on one set of Americans - employers - who create jobs for their fellow citizens - and not others?

The good governor decries the deficit but proposes more spending increases than spending cuts. The lack of seriousness in his proposed spending cuts is amply illustrated by one item. He proposes to save \$20 million by "ending the taxpayer subsidies for honey producers," but says nothing about eliminating the subsidies for the sugar, milk, peanut and other agricultural commodity producers that add up to big bucks. If it is desirable to reduce agricultural subsidies, and it is, let's get them all. One can only assume that honey producers are politically incorrect

(maybe many of them are Republicans) and peanut farmers are politically correct. Whatever the politics, it makes no economic sense.

If the Clinton-Gore administration delivers Sen. Al Gore's PC environmentalism, we can expect extraordinary costly programs, mandates and restrictions, all without serious cost-benefit analysis. Mr. Gore and many in the establishment believe we are experiencing global warming, and we may be, but neither Mr. Gore nor anyone else knows for sure, nor do they know whether global warming will be a net plus or minus. Why do many of the affluent go south? Would the world have more food if Finland were like California or vice versa? Again, questions the PC liberal doesn't like asked.

Mr. Clinton and Mr. Gore have made it abundantly clear that they are PC liberals - the catechism is more important than empirical evidence, economic growth and opportunity, and individual liberty. We have seen this future before, in not so faraway places.

*Richard **Rahn** is president of Novecon, an adjunct scholar at the Cato Institute and former chief economist of the U.S. Chamber of Commerce. Theodore **Suranyi-Unger Jr.** is a former professor and chairman of economics and management at Goucher College.*